



Hotel/Restaurant Equipment In New Zealand

PREPARED BY:

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SUMMARY:

New Zealand's multi-million dollar hotel and restaurant sector is spurred by this country's growing tourism sector. Since the late 1990s, New Zealand has experienced an increase in overseas visitor numbers. International visitor arrivals to New Zealand in 2004 reached 2,347,672, an increase of 11.5 per cent. Although welcomed, the extra visitors exert pressure on existing hospitality facilities and tourism infrastructure. This trend creates demand for new facilities and incentive to renovate and refurbish existing accommodations and restaurants. As inbound tourism is forecast to grow 3.4% in 2005, it will continue to induce investment in new hotel and restaurants to respond to this business opportunity.

Overseas tourists contribute approximately a quarter of New Zealand's restaurant retail sales. Cuisine in New Zealand is increasingly more sophisticated and ethnically diverse than even a decade ago. Capital equipment purchases are the single largest expenditure in the kitchen of any commercial foodservice operation. New Zealand's Restaurant Association forecasts continued expansion over the next 12 months. It considers that café and restaurants will show the most growth. New Zealand's restaurant and hospitality equipment sector follows international trends with end users having access to leading brands. Decisions on hotel/hospitality equipment purchases are complex but events such as the local NZ Hospitality Show can influence what products become established in the marketplace.

MARKET OVERVIEW:

- Of New Zealand hospitality sector, cafes and restaurants account for approximately 35% and accommodation 30%. The balance is made up of other forms of facilities. In 2004, New Zealand had:
28,476 hotel rooms

25,719 motel rooms
22,018 backpacker rooms
53,972 caravan parks
3,085 hosted rooms (e.g. bed and breakfast rooms)
6,298 café and restaurants
3,527 takeaway outlets
1,525 pubs, taverns, bars

Source: Statistics New Zealand

- Building consents [permits] recorded for new hotels/motels etc. plus alterations and additions to existing buildings totaled NZ\$193.5 million in 2004 and NZ\$212.9 million in 2003. Building consents recorded for shops, restaurants and taverns totaled NZ\$548.2 million in 2004 and NZ\$442.5 million in 2003.
- Auckland, Rotorua and Queenstown are the country's three key tourism centers.
- New Zealand's NZ\$1 billion convention industry grew 22% in 2004 and is poised for further growth. Rotorua is moving from a 600-delegate designation to more than 1,000 following a series of major investments in the accommodation, conference and travel industries.
- Food franchises make-up 11% of New Zealand's franchise sector— a very popular tactic for self-employment among New Zealanders. For example, American franchise SUBWAY had more than 150 outlets open by April 2004, making it the fast food chain with the greatest number of locations in New Zealand.
- High-profile international food franchises generally build to standard internal and external specifications determined by the corporate parent. The average fit-out cost for a 70-seat restaurant is approximately US\$150,000.
- New Zealand's main high-profile hotels tend to be internationally owned – but are follow standard internal and external fittings less rigidly. The fact that they can exercise more local decisions about design presents an opportunity to suppliers. The hotel chains are all showing expansion activity.

Singapore-based Millennium, Copthorne and Kingsgate Hotels are the largest owner-operator of hotels in New Zealand. The company has a portfolio of 28 hotels, which are owned, leased, franchised and/or managed, with about 4,000 rooms in 15 locations in Australasia.

On January 1, 2005, the former Sheraton Hotel in Auckland began trading under its new Hong Kong based brand, Langham Hotels International. Besides announcing a NZ\$13 million renovation program, Langham Hotels is looking to support a super-luxury hotel in Auckland and forecast that Wellington and Christchurch and Queenstown are possible locations for more luxury Langham Hotels.

Expansion plans by Quest New Zealand, a subsidiary of Quest Australia, has raised the number of hotels under the Quest brand in New Zealand to 18.

Sydney-based Accor New Zealand who manages the Novotel, Mercure and Ibis brands in New Zealand is scheduled to open three new hotels in the next two years.

In December 2004, Outrigger Hotels & Resorts entered the New Zealand market with management contracts over three resort properties. The three properties located in Christchurch, Taupo and Queenstown will be operated as five-star hotels. Each of the properties has further development potential to add more rooms or villas but Outrigger has announced it is looking for more opportunities in Auckland and Rotorua.

Scenic Circle Hotels a national chain of 15 hotels is 100% owned by American citizen, Earl Hagaman. Scenic Hotels has announced plans to expand through 2005 and beyond. The Scenic Circle MLC Café in Queen Street, Auckland was 2004 Café of the Year at the prestigious New Zealand Culinary Fare competition, held in Auckland from 22-24 August in association with the Restaurant Association of New Zealand.

Best Western New Zealand was established in 1963. There are 70 motels, motor inns and hotels independently owned and operated by New Zealanders operating under the Best Western brand throughout New Zealand.

The Hyatt Regency Auckland has been a landmark in Auckland since 1968 – it is a subsidiary of Hyatt International, U.S.A. The Hyatt Regency Auckland has recently undertaken a \$65 million dollar development project which has involved the construction of a new Residences tower - offering apartment style suites, the expansion of the hotel's banqueting and conference facilities and the opening of a luxury health spa and fitness center.

Hilton Hotels operates one of New Zealand's most popular hotel facilities in Auckland.

| COMPANY NAME | OUTLET NAME AND NUMBER OF OUTLETS |
|----------------------------|--|
| CDL Hotels | Millenium (3); Copthorne (10), Kingsgate (15) |
| Scenic Circle | Scenic Circle (18) |
| Grand Hotels International | The Chancellor (3); Grand Chancellor (4), Grand Tiara (1), Grand Central (1) |
| Heritage | Heritage (7) |
| Rydges | Rydges (6) |
| Duxton | Duxton (3) |
| InterContinental | Holiday Inn (1); Crowne Plaza (2); Intercontinental (1); Parkroyal (1); Centra (3) |
| Accor | Novotel (5); Mercure (6); Ibis (2) |
| Choice International | Flag (47) |
| Hilton | Hilton (1) |
| Best Western | Best Western (71) |
| Hyatt Hotels | Hyatt Regency (1) |

Source: Coriolis Research-Foodservice 2003 and Restaurant Brands

■ Hotel and restaurant equipment is a multi-million dollar business that uses products widely used by households and other organizations. The following table is a statistical record of selected products used but not entirely by New Zealand's hotel and restaurant sectors.

STATISTICAL DATA:
US \$ (Millions)

| | 2002 | 2003 | 2004 |
|---------------------|---------|---------|---------|
| Import Market (CIF) | 323,195 | 390,739 | 489,756 |
| Local Production | 25,000 | 25,000 | 25,000 |
| Exports | 7,660 | 9,709 | 10,999 |
| Total Market | 340,535 | 406,030 | 503,757 |
| Imports From U.S. | 19,178 | 21,785 | 27,385 |
| Exchange Rates: | .4600 | .5819 | .6639 |

2004 Market Share:

1. China: 31.2%
2. Australia: 15%
3. Italy: 7%
4. United States: 6%

Source: [New Zealand Statistics](#)

U.S. POSITION:

The United States has a reputation for good quality, robust equipment. An improved exchange rate between the U.S. and New Zealand has helped to reduce the cost of U.S. equipment to New Zealanders in the local marketplace. However, despite the current advantages of a weaker U.S. dollar, the New Zealand trade repeatedly commented that U.S. hospitality equipment is expensive to purchase. Exchange rate as of April 2005: 1 NZ\$ = approximately 72 U.S. cents.

Price and quality are key purchasing factors. Some of the most established U.S. hospitality brands in the local marketplace include Garland stoves, Libby glassware and Rubbermaid janitorial supplies. End users often do not require large, commercial appliances as their operations are small. In 2004, the leading items by value from the United States were refrigerators, plastic plates and furniture.

COMPETITON:

New Zealand doesn't have a large manufacturing sector but there are a number of local manufacturers that specialize in products used by the hospitality sector. For example,

Fisher & Paykel is a very successful New Zealand electrical appliance brand (household) that exports globally dishwashers, stoves and refrigeration equipment. Household appliances are regularly but not exclusively used instead of commercial appliances due to the size of local cafes/restaurants. Temuka is a leading tableware producer – but as there is a strong craft movement in New Zealand, individual potters are supplying tableware to the trade. The handcrafted look is very popular and suits New Zealand's laid-back lifestyle. New Zealand's furniture manufacturers (mainly pine) are also key suppliers.

As New Zealand's nearest and most important trading partner, product from Australia is the second most significant import source after China. Chinese products dominate this sector. Italian equipment such as pizza ovens and coffee-making equipment fulfill a niche.

BEST PROSPECTS WITHIN THESE SUBSECTORS:

- Food safety: Equipment and technology related to food safety present good opportunities to U.S. companies. Refrigeration and temperature measurement equipment are included in this category. The Ministry of Health has stringent regulations for commercial operations preparing and selling food, but the large number of establishments and volume of service require vigilance against the inevitable outbreak. Commercial refrigeration equipment established in the marketplace is considered expensive and limited in choice.
- Knives/cutlery
- Bathroom fixtures

MARKET ACCESS:

- The majority of goods now imported into New Zealand are tariff-free. New Zealand Customs offers a working tariff online:
<http://www.customs.govt.nz/library/working+tariff+of+new+zealand>
- All goods imported into New Zealand are liable for a 12.5% Goods and Services Tax (GST).
- There are no importing licensing requirements.
- Products may comply under Consumer Guarantees Act, 1993 and Fair Trading Act, 1996: <http://www.consumeraffairs.govt.nz/businessinfo/cga/index.html>

New Zealand is reliant on electrical appliance imports to satisfy local demand.

Generally, electrical appliances sold in New Zealand achieve their safety through compliance with a recognized New Zealand standard. Typically, the things to look for are:

- A correct plug. Appliances fitted with an incorrect plug for use in New Zealand are generally not safe to use in New Zealand.
- Voltage markings. All appliances sold in New Zealand are required to be safe at our supply voltage of 230 Volts. Any appliance that is not marked with a voltage rating of 230 Volts or not marked with any voltage rating should be considered as suspect. Some appliances are designed for a range of voltages and this is indicated by a dash (-) between the two voltages of the safe range, e.g. 200-240.
- Other labels. A safe appliance will always be marked with the manufacturer / supplier's name and, in the case of a light fitting, with a maximum rating of the light bulb to be used in it.

All electrical appliances in New Zealand must comply with basic safety requirements, in accordance with the Electricity Regulations 1997.

MARKET ENTRY:

Having a local sales presence is essential for U.S. companies seeking to sell hotel and restaurant equipment in New Zealand. The U.S. Commercial Service in New Zealand helps individual American companies assess and understand the market for their products or technologies, and identify potential distributors or representatives. Please see contact details below.

TRADE EVENTS:

Event: Hospitality 2005
 Date: August 21-23, 2005
 Venue: Auckland Showgrounds, Greenlane, Auckland, New Zealand
 Show contact: Michele Harrod
 Phone: 64 (9) 976-8382
 Email: MicheleHarrod@nz.dmgworldmedia.com
 Website: www.hospitalitynz.co.nz

OTHER RESOURCES:

Restaurant Association Association of New Zealand
 45 Normanby Road, Mt Eden
 PO Box 47-244, Ponsonby, Auckland
 New Zealand
 Ph: 64 (9) 638-8403
 Fax: 64 (9) 638-4209
 Chief Executive Officer: Alistair Rowe
 Email: restaurant.assoc@xtra.co.nz
 Website: restaurantnz.co.nz

Hospitality Association of New Zealand
 Cnr. Taranaki and Abel Smith
 PO Box 503, Wellington
 New Zealand

Ph: 64 (4) 385-1369
Fax: 64 (4)
National Operations Manager: Raewyn Bleakley
Email: raewyn@hanz.org.nz

Motel Association of New Zealand
PO Box 27-245
Wellington
New Zealand
Ph: 64 (4) 494-1846
Executive Director: Michael Baines
Email: Michael@manz.co.nz
Website: www.nzmotels.co.nz

CONTACT US:

If you would like to discuss doing business in New Zealand or would like any other information on the New Zealand market, we would like to hear from you. Please contact Janet Coulthart of the U.S. Commercial Service in Wellington. Janet's email is: Janet.Coulthart@mail.doc.gov. In addition please visit our website for further information on programs offered by the U.S. Commercial Service in New Zealand: www.uscommercialservice/newzealand